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**What influences ethnic entrepreneurs' decision to start up:  
Some evidence from Aberdeen, Scotland**

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What influences ethnic entrepreneurs’ decision to start up: Some evidence from Aberdeen, Scotland

ABSTRACT

*This paper explores some key factors that influence ethnic entrepreneur’s decision making processes in starting up a new business in Aberdeen, Scotland. We set out to investigate the motives, drivers and attitudes of ethnic minorities in seeking entrepreneurial opportunities. We conduct in depth face-to-face interviews with 25 ethnic entrepreneurs from a variety of nationalities and cultures originating mainly from the Indian / African subcontinents. This includes entrepreneurs from India, Bangladesh, Pakistan, Sri-Lanka and some others. The motivations vary according to their culture, traditions, religion and other environmental factors influencing on their decision to start-up. Our results reveal some interesting influential factors that lead to the successful start-up decision. These include a positive mindset, self-efficacy, strong determination, knowing of the market and local business culture and good financial management.*

**Keywords:** Ethnic minority, entrepreneurship, start-up, social capital, networking

**Paper type:** Research paper

1. INTRODUCTION

In recent years’ global business conglomerates, financial institutions and political groups have shown considerable interest in the business and entrepreneurial activities of ethnic minorities (Levie & Hart 2011; Xavier *et al.* 2012) and the media are constantly highlighting the emergence of this entrepreneurial group (Levie & Hart 2011). Ethnic minority small businesses make an important contribution to the UK economy which is also reflected in their rapid growth in the last decade (Hussain *et al.* 2007). This is a hugely topical subject. The importance of ethnic participation in the entrepreneurial activities of an area and its role in promoting economic and social development have been widely investigated by

researchers (e.g. Kuratko & Hodgetts 2004; Timmons & Spinelli 2004; OECD 2010; Levie & Hart 2011). Additionally, migrant entrepreneurs created almost 14.5% (1 in 7) of all UK companies and currently there are 456,073 migrant entrepreneurs in the UK (Centre for Entrepreneurship 2014 at the Robert Gordon University). A government report estimates that failure to use the talents of ethnic minorities may cost more than £8 billion per year and that ethnic minority businesses contribute more than £25 billion to the UK economy (Department for Communities and Local Government 2013). According to the OECD (2010) ethnic minorities have a higher rate of self-employment than natives in many countries. For example, in the UK ethnic self-employment is 13.4% compared to the 11.9% for indigenous population.<sup>1</sup> Overall, OECD (2010) figures show that it is more likely for immigrants to be self-employed compared to their local counterparts.

Given this context, this research focuses on different ethnic minorities in Aberdeen, Scotland and on identifying the key driving factors that influenced them in starting up their businesses. By doing so, this research contributes to our understanding of different ethnic minorities and their motivations for starting a business in Aberdeen. In terms of its socio-economic profile, Aberdeen - in terms of its demographic and socio-economic conditions - is in a different place socially and economically than other Scottish, or UK cities. It is known as the oil capital of Europe and is the second most expensive city in which to live after London. So, starting a business in this locality may provide us different insights that we already know from previous studies. Understanding context is central to entrepreneurship (Dana 1995a; Ramadani & Schneider 2013a). Entrepreneurship and business is a complex object and hence emphasises the role of context (Fayolle 2013). Aberdeen offers a different context

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<sup>1</sup> In the US, ethnic self-employment is 10.2% compared to 9.9% for local Americans. In Germany, ethnic self-employment is slightly lower (9.5%) compared to 10% for the indigenous German population.

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and to our knowledge there is little (if any) prior research conducted on this topic in the context of Aberdeen<sup>2</sup>. Hence we set out to fill this gap.

Prior to discussing the relevant literature on generic ethnic influential factors in starting-up a business, we provide a basic definition of ethnic entrepreneurship – ‘*a set of connections and regular patterns of interaction among people sharing a common national background or migration experiences*’ (Waldinger *et al.* 1990). This definition illustrates different components of ethnicity rather than entrepreneurship (Greene 1997). However, Valdez (2008) defines ethnic entrepreneurship as a business owned by the ethnic-group members, the migrants, or both. For example, usually ethnic minority businesses are owned and managed by the particular ethnic family members and these businesses have normally 2-50 employees (Waldinger *et al.* 1990; Iyer & Shapiro 1999).

**2. START-UP INFLUENTIAL FACTORS**

There is an abundance of generic entrepreneurship literature on why some individuals opt for starting their own business rather than working for a company (See Clark & Drinkwater 2000; Masurel *et al.* 2002; Manev *et al.* 2005; Caliendo & Kritikos 2007; Verheul *et al.* 2010; Chan & Quah 2012; Zwan & Hessels 2013). A common consensus is that individuals ‘dive in’ when they have a strong belief that they can succeed against all the odds and have a vision of a better reward for themselves and those around them (Olson, Roese & Zanna 1996; Vroom 1964; Gatewood *et al.* 2002). However, there is less consensus on distinguishing between elements which specifically relate solely to ethnic entrepreneurs as opposed to the generic. For example, it is widely believed that ethnic entrepreneurs are

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<sup>2</sup> Aberdeen is a small city with fewer ethnic businesses than other cities in the UK of corresponding size. In 2013, the population of Aberdeen city was 227,130; which increased by 1% from 224,970 in 2012. Aberdeen city accounts for 4.3% of the total Scottish population (National Records of Scotland 2014). To be more specific, in 2012/13 the migration rates in Aberdeen were significantly higher than the overall Scottish rates. For example, Aberdeen’s rate of 15.9% in-migrants from overseas per 1,000 populations was almost three times higher than the Scottish rate of 5.3 (Aberdeen City Council 2013, 2013a).

necessity driven and not motivated by opportunism (See Welsh *et al.* 2003; Ram & Smallbone 2003; Hussain & Matlay 2007; Hussain *et al.* 2007).

### 2.1 Generic Influences

First we will present the generic. Burns (2012), Carter & Jones-Evans (2012) and Stoke & Wilson (2010) suggests generic key motives towards entrepreneurial activities include - need for independence, need for achievement, and living with uncertainty, risk taking and locus of control. To this Stokes & Wilson (2010) add another important influencing factor e.g. turning previous experience into business. According to Shane *et al.* (2003) locus of control is the belief in the extent to which individuals believe that their actions or personal traits affect whatever happens to them. Thus individuals who start their own businesses strongly believe that they can control most aspects of life and business. This takes the form of an ingrained faith in oneself which drives the decision in starting-up the business and risk taking. However, managers also possess locus of control (Shapero 1977; Brockhaus 1982). Entrepreneurs who exercise control over their own environment and control their own destiny, have an internal locus of control (Burns 2012). Conversely, an external locus of control and a belief in fate can adversely affect their behaviour (Vries 1985) making them less likely to start a business (Burns 2012; Vries 1985) and to risk averse. McClelland (1961) argued that need for achievement is a personality trait and that individuals who possesses a higher degree of need for achievement correspondingly indulge in activities that require skills and competencies and moderate levels of risk. It is a competitive factor in terms of when an entrepreneur compares himself/herself to others and develops an urge to achieve or succeed (McClelland 1961). However, Sagie & Elizur (1999) suggest that need for achievement is a 'derived push' driven by compulsion.

However, these entrepreneurial traits were not initially specifically studied for indigenous populations such as the one in this study. An exception is the study of Jayawarnu

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*et al.* (2011) who studied need for achievement in ethnic minority entrepreneurs. Other pertinent studies include Mathews (2008); Shane *et al.* (2003); Vecchio (2003); need for independence (Jayawarnu *et al.* 2011; Mathew 2008); and locus of control (Jayawarnu *et al.* 2011; Mathews 2008; Nair & Pandey 2008; Vecchio 2003). For Mathews (2008) the presence of motives usually implies a self-assured movement of an individual in an endeavour to acquire some appreciated result that has some connection to their physical or mental requirements. Mathews (2008) argues this is an inner theoretical construct. Mitchell and Daniels (2003) mention four issues which highlight this particular conduct. These are motives focus on factors, individuals, activities; as motive inspires effort (see also Frese *et al.* 1996).

Situational influences include unemployment, redundancy, and discomfort with one's job as well as disagreement with one's boss are some of the drivers which unleash an individual's potentials (Burns 2012). In addition, Burns (2012) and Stokes and Wilson (2010) refer to these as "*push factors*" which force individuals to start a business. Conversely, independence, achievement/recognition, personal wealth creation and personal development are "*pull factors*" which attract an individual to start a business (Burns 2012; Stokes & Wilson 2010). Levie (2007) argues that usually people emigrate to find better job or employment despite the difficulty of finding an appropriate and satisfactory job. Therefore, unemployment or not having a proper job can push ethnic individuals to start their own business. Blocked mobility, and institutional and systemic discrimination are also push factors in ethnic start-ups. Other personal factors such as personal achievement and social status (Jayawarnu *et al.* 2011); human capital, education (Millan *et al.* 2013); and financial gain (Hessels *et al.* 2008), can drive ethnic individuals to start-up a business.

Positivity is a generic entrepreneurial attitude said to have a significant influence in business start-up process for ethnic entrepreneurs and consequent growth of the business. Burns (2012) discusses such attitudes which influence business start-up decisions, including being innovative, opportunistic, self-confident, self-motivated, proactive, risk taking and

ability to live with uncertainty. On-the-other-hand, Stokes & Wilson (2010) suggest that an entrepreneurs' personal attributes such as determination, innovation, external focus and team leadership can be attributed to the ethnic entrepreneurship dimension as part of the extended interactive model but surely these are generic to all entrepreneurs? Other entrepreneurial antecedent influences include ethnicity, family, gender, health, education (Barsky *et al.* 1997), religion (see Dohmen *et al.* 2011; Renneboog *et al.* 2012; and Miller and Hoffman 1995), social group, culture and previous employment (Burns 2012). Although a number of characteristics and personality traits can be associated with entrepreneurship (Nair & Pandey 2008), this implies that personality (attitude) is an important precedence of start-up as is self-confidence and determination (Major *et al.* 2006; Zhao *et al.* 2005). These can be influenced by cultural and socio-historical antecedents such as attitudes and beliefs formed in a different (ethnic) setting.

## 2.2 Ethnic Influences

We now discuss ethnic influencers. Thus the influence of entrepreneurial past experience and innovative idea generation have a strong impact on the decisions in setting up a business (Edelman *et al.* 2010; Altinay & Altinay 2008). However, a common emerging factor in these three studies which did not appear in earlier studies relate to having social contacts like family, friends and advisors within ethnic communities. These are considered an important ingredient which helps an ethnic individual to start a business easily through consulting, sharing responsibilities and tasks towards growth process. Shapero & Sokol (1982) considers that the roots of ethnic entrepreneurs' decisions and motivations in starting a business are deeply related to their social environment i.e. family and friends and long running business background (as do Stoke & Wilson 2010; Stephan & Uhlaner 2010). This implies that individuals by habit and custom may pursue norms established in social groups by replicating business practices (Cialdini & Trost 1998; Fischer 2006; Shteynberg *et*



*al.* 2009). Success in the family run businesses; self-owned and profit-earning factors (Solvesik 2013) contribute to the overall entrepreneurial attitude.

An ethnic entrepreneur's migration from his/her native country and finding an opportunity abroad serves the main reason for start-up (Shane & Venkatraman 2000) but ethnic in-migration also plays a part. Looking at the studies of Casson (2003) and Shane (2000) who concluded that entrepreneurial opportunities are situations where ethnic goods, markets and services can be introduced among co-ethnic groups also helps us better understand ethnic enterprise. However, according to Drucker (1985) an individual can only exploit such opportunities by constantly seeking and identifying new business ideas and not waiting for one.

The ethnic knowledge factor is one area where academic skills play a major role in applying management function in the running of a business. Imagination, communication, managerial and functional skills are developed from education (Dobbs & Hamilton 2007). Moreover, Deakins & Freel (2009) argue that entrepreneurs with educational degrees in their respective fields of work or even unrelated fields influenced the overall ability and firms' growth prospects. However, Stoke and Wilson (2010) imply that there are no concrete evidence on the correlation of education and entrepreneurship, but young people at universities are more likely to exploit/recognize opportunities towards an entrepreneurial career (Athayde 2009). Hussain *et al.* (2007) argues that university education helps new graduates in getting their first job which aid in acquiring knowledge and skills.

Additionally, location is also an important factor for ethnic entrepreneur as articulated by Porter (2000) because it can generate competitive advantage through its influence on productivity and especially on growth. Hence, location is an important element which ensures competitive advantages and influences productivity. Thus, we argue that location is important element for business start-up because it impacts on business growth and

productivity. According to Glaeser *et al.* (2009) entrepreneurs choose a location where costs are lower and where there is a better opportunity to increase the net returns on investment. Also, whilst starting up a new business, entrepreneurs also consider the supplier. There are four sources of locational competitive advantages – namely quantity and cost; locally based suppliers; local customer base and local customer needs (Porter 2000). Therefore, ethnic minority entrepreneurs should consider these factors before selecting a start-up location. Aberdeen may also offer a new ‘greenfield area’ where ethnic minority entrepreneurs have potential to start their businesses.

It is particularly very challenging for an ethnic minority entrepreneur to find a location for starting up a business never mind finding the right location before building a large customer base (Krieger 2011). Location is extremely important for ethnic entrepreneurs (Ram & Smallbone 2001). The availability of cheap premises and supply of cheap co-ethnic labour are usually prime reasons for selecting a particular location. Furthermore, social capital and ethnic family settlement enhances the choice of location (Ram & Smallbone 2001). However, the choice of location for many ethnic entrepreneurs is influenced more by where their family have resettled than by a conscious, logical choice.

### 3. METHODOLOGY

Due to the nature of the study, in-depth, face-to-face interviews was considered an appropriate method. Face-to-face interviews are linked with understanding and exploring real experience of peoples’ lives (Clarke 2007; Bryman 2012; Saunders *et al.* 2012) and allow the researcher to ask follow-up questions (Kvale 1996), and to probe, specify and interpret the questions which explore the research issues in-depth (Savage *et al.* 2005; Bosley *et al.* 2009; Jones *et al.* 2010). DiCicco-Bloom & Crabtree (2006) explain that psychological participation of the respondents helps the researcher to interpret respondent stories and actions in retrospect to business formation. Face-to-face interviews are flexible situation and

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2  
3 permit a good rapport. The opportunity to adapt quickly assists the researchers to gather  
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5 quality data (DiCicco-Bloom & Crabtree 2006). Qualitative interviews involve significant time  
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7 and planning (Bogdan & Biklen 2003; de Vaus 2009; Merriam 2009).  
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10 To facilitate the data collection we used the services of a gatekeeper/intermediary  
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12 known to us. The interviews started from his closest social contact and then through  
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14 snowballing procedure gained more contacts. The mosque/religion did not play a major part  
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16 in the selection strategy as designed by the authors but for the gate-keeper this was another  
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18 common point of linkage. The most obvious factor was visible ethnicity and personal  
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20 contacts. Most of the ethnic entrepreneurs interviewed are closely related, network  
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22 together and help each other out with advice. The ethnic authors know many of the  
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24 respondents personally and have visited their business regularly, as friends or customers.  
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26 This helped facilitate introductions and research access. Twenty-five in-depth interviews  
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28 were carried out to explore the ethnic minority's business start-up influences regarding  
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30 entrepreneurial opportunities in Aberdeen, Scotland. All the interviews were recorded. We  
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32 followed a 3 step procedure: (1) planning and pilot testing (three pilot interviews); (2)  
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34 conducting one actual interview and (3) launch of the full project interviews. The interviews  
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36 conducted enabled us to reach theoretical saturation.<sup>3</sup> See figure 1 below for details of the  
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38 respondents.  
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43 To analyse our data, we followed different stages of qualitative data analysis (Walker,  
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45 1985; Denzin & Lincoln 2005; 2011; and Easterby-Smith *et al.* 2012). We familiarised  
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49 <sup>3</sup> A combination of snowball sampling and personal contacts sampling procedure was followed. From  
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51 first point of initial contact with respondent, the researcher gained further information and link to  
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53 other respondents. Ball and Cox (2003) state that qualitative sample size should base on data  
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55 saturation and the data collection process should stop when no new data is generating. However, as  
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57 stated the sample size was determined based on theoretical saturation and an exhaustion of  
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59 contacts. The researchers continued the interview process until they felt that no new ideas were  
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forthcoming. After achieving a set of new ideas, when emergence of new ideas stops then it is  
assumed that the researcher reached the "*theoretical saturation*" point and thus further sampling  
would be unnecessary. We followed Creswell's (2013) advice that a sample size of 20 to 30  
individuals is required in order to develop a well saturated grounded theory. Out of 25 interviews only  
3 interviews were less than 20 minutes. The remainder were between 20-30 minutes and one hour.

ourselves with the collected data and listened to each interview several times before transcribing them into a word file. In this way, we identified emerging themes in a manner similar to grounded theory from the coded data (Glaser & Strauss 1967; Corbin & Strauss 2008).<sup>4</sup> Furthermore, we carried out continuous comparisons to develop emerging themes and patterns as suggested by Glaser & Strauss (1967).

The interview data was coded to identify significant issues such as ethnic minorities' attitudes, motivational factors and drivers for the business start-up. For this qualitative data analysis, we used three types of coding (Corbin & Strauss 2008) – open, axial and selective. Open coding involves with the process of examining, comparing, breaking down, categorizing and conceptualizing the data (Strauss & Corbin 1990). Dey (1998) states that open coding divides data into categories and concepts whereas axial coding puts all the data together in a new way by making precise connections between categories and its subcategories to understand the research issues (Strauss & Corbin 1990; Corbin & Strauss 2008). Selective coding is the integration of categories to produce a theory/model (Saunders *et al.* 2012). All the recorded interviews were transcribed and the word file printed (Endacott 2005; and Bernadette *et al.* 2012). We then used line-by-line approach for analysing printed interview transcripts to generate open codes (concepts) before collapsing them into themes (attitudes, motives and drivers).

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<sup>4</sup> However, we stress that we did not set out to design a grounded theory study.

Figure 1: Respondent's Profile and Interview Details

Respondent	Interview Duration (Min.Sec)	Gender	Age	Educational level	Business Types	Duration of the business	Ethnicity	Religion and Personal Character
R-01 PD-Res	17.20	Male	49	BSc (Hons)	Restaurant	16 Years	Bangladeshi	Hindu - He is not highly ambitious and satisfied with one business. One business is enough for him as he has only one child.
R-02 Kh-Ta.Ke	33.56	Male	55	BA (Hons)	Take away Kebab	4 Years	Algerian	Muslim - He worked for his uncle and set up his own business. He has created multiple businesses and established them to sell for a high profit margin. From a business minded family.
R-03 Ib-Res	42.45	Male	47	BSc (Hons)	Restaurant	5 Months	Algerian	Muslim - He worked for a company for 15 years before being made redundant. He was pushed into the business. He is very determined and motivated who wants to implement new ideas
R-04 KA-Con.S	37.19	Male	33	MBA	Convenient store	7 Years	Pakistani	Muslim - Recently graduated, took over the shop from his uncle. Highly ambitious, wants to implement his ideas and knowledge. His dream is to establish a UK chain of convenience stores.
R-05 Mo-Res	23.29	Male	32	MSc	Restaurant	2 Months	Bangladeshi	Muslim - Multiple business owner who owns Indian restaurants and Fish & Chip shops. He also has a property business. He was introducing the concept of Healthy Indian Cuisine.
R-06 OF-Cas.C	39.23	Male	39	BSc, MA	Cash & Carry	13 Years	Sri Lanka	Muslim - A very successful and well respected entrepreneur in Aberdeen. He is a very religious person and claimed religion motivated his set-up experience. He does a lot of charity work.
R-07 Ja-Res	43.12	Male	35	MBA	Restaurant	8 Years	Bangladeshi	Muslim - He is very business minded person).
R-08 Kan-Cas.C	19.56	Male	28	BA (Hons)	Cash & Carry	14 Years	Sri Lanka	Hindu - He and his elder brother own three businesses in Aberdeen. They don't want to grow and cannot sustain the business by themselves. They have too much internal locus of control.
R-09 SK-Ta.Ke	36.47	Male	44	MSC	Take away Kebab	2.5 Years	Algerian	Muslim - New business owner and gained some experience and set-up his own business.
R-10 Dh-Con.S	29.27	Male	55	N/A	Convenient store	6 Years	Sri Lankan	Hindu - He is a risk taking entrepreneur. He wants to see whether he can be successful or not.
R-11 Sha-Tai.A	22.59	Female	45	N/A	Tailor alteration	5 Years	Algerian	Muslim - Only female respondent. Family oriented and always seeking husband's permission/advice to make any business related decision.
R-12 TK-Ele.R	29.30	Male	39	BSc eng.	Electronic repair	1.5 Years	Indian	Hindu - He is extremely opportunistic small business owner, always looking to exploit opportunities and he wants to set-up another two/three businesses.
R-13 Ra-Res	41.34	Male	52	BSc (hons)	Restaurant	3.5 Years	Indian	Hindu - Very innovative and wants to set-up multiple business.
R-14 AK-Ele.R	44.52	Male	35	N/A	Electronic repair	11 months	Indian	Hindu - He believes that personal savings is extremely important for setting up a business in a foreign country as they have limited financial access from the local bank.
R-15 IS-Con.S	37.49	Male	42	N/A	Convenient store	2 Years	Indian	Muslim - He took over this shop from a close friend who encourages and helps him run this shop.
R-16 Khn-Con.S	20.48	Male	41	MSc	Convenient Store	3 Years	Pakistani	Muslim - A hard working person who relished the challenge of setting-up a business from scratch.
R-17 Brah-Res	34.55	Male	52	BA (Accounting)	Restaurant	4 months	Algerian	Muslim - New business owner. He is independent and feels working for somebody will hinder his potential. He wants to secure a good future for his family by making money. He is very religious and claimed that religion positively influences his entrepreneurial ability.
R-18 MohK- Res	31.07	Male	33	Bachelor's Degree	Restaurant	3 Years	Indian	Hindu - He is very opportunistic but inexperienced and willing to take risks to earn more money.
R-19 KabD-Res	32.04	Male	51	BA Degree	Restaurant	1.7 Years	Bangladeshi	Muslim - He started his business to earn more money. Past experience from back home and a motivation to explore new things led to his start up. He is a confident risk taker.
R-20 Mopha-Ta	36.40	Male	43	MSc	Takeaway	4.8 Years	Moroccan	Muslim - Past experience is one of the most influential factor to set-up the business.
R-21 Syed-Res	40.58	Male	48	High School	Restaurant	2 Years	Pakistani	Muslim - He wants to explore new things and embraces new challenges. He claimed that people consider him inwardly calm but believes himself to be an aggressive entrepreneur.
R-22 Sab-Cas.C	39.31	Male	34	PG Diploma	Cash and Carry	3 Years	Sri Lankan	Muslim - Money is all that matters and earning high profits motivated him to set up a business. Mentally strong, confident with a fighting spirit. He holds strong personal beliefs.
R-23 Nari-Res	40.28	Male	55	Bachelors	Restaurant	1 Year	Indian	Hindu - It was his dream to set up a business to ensure financial security and better life. He is a calculative risk taker.
R-24 Shar-Res	37.12	Male	45	BA	Restaurant	1.5 Years	Indian	Muslim - Monetary reward is the main influential factor. Doing business gives him joy and makes him feel independent. Dislikes working without liberty to experiment. Likes to take new challenges.
R-25 Amr-Ta	17.59	Male	57	BA	Takeaway	1 Year	Bangladeshi	Muslim - Worked as a chef but is not a risk taker, always looking for help from his own community and friends.

Source: Fieldwork<sup>5</sup>

<sup>5</sup> Abbreviation of Ethnic minority entrepreneurs business types are as follows:

Res:	Restaurant	Ta.Ke:	Take Away Kebab
Cas.C:	Cash and Carry	Con.S:	Convenient Store
Ele.R:	Electronic Repair	Tai.A:	Tailor Alteration

#### 4. FINDINGS

##### 4.1 Motives (Personal Character Traits)

From our findings, it is evident that there is a very high similarity between the published studies and the fieldwork investigation. However, some factors stand out more than others. For example, locus of control, need for achievement and experience are very influential factors for our ethnic entrepreneurs in relation to accelerating business start-up decisions. From our fieldwork, locus of control and need for independence are two of the most influencing factors. First of all, most of our respondents believe that they need to exercise control over their own lives and desired to become their own boss. In addition, some respondents articulated an aversion to taking orders from or working for others. For example, respondent 11 (Sha-Tai. A) claims *"...In my own business, I can basically control myself and there is no director or boss what I do enjoy most"*.

This is in keeping with the theory that entrepreneurs with high external locus of control and a belief in fate are more likely to maintain control over every aspect of their business. Vries (1985) believes that this sort of behaviour reduces the chances of their business growth. As respondent 08 (Kan-Cas.C) claims *"...as your own boss, you shape your own fate and get rewarded according to your own merit and hard-work.... I believe I should control my business myself"*. Therefore, this respondent is less likely to grow his business despite already owning two businesses in Aberdeen. He has no expansion plans. His motivation is to better understand his business. Conversely, respondent 05 (Mo-Res) argued that working for somebody else helped him to better understand his business particularly in relation to customer service issues. He articulated it thus *"If I was not working ....it would be very hard for me to implement those things (idea & customer service) in my business. Working for someone else even gave me more confidence and now I understand the business better"* (R-05: Mo-Res)

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Moving on to need for independence and the related concept of ‘job dissatisfaction’ factor, the implication from respondents has been that the time and effort normally directed towards paid employment is better utilised into starting and running a new business. Respondent 16 (Khn-Cas.C) claims - *“Being an employee is a drawback.... you are not independent from taking your own decisions with regard to any project or anything that is assigned to you at the job”*. Thus respondents’ preference to work is rather strongly related to their desire for independent self-employment. Our respondents had a desire to be independent and to make their own decisions, shaping their own destiny. Achievement was a key theme. However, this does not mean they lack responsibility. They are accountable for every decision (good or bad) they make. Respondent R 07 (Ja-Res) stressed - *“You have to be responsible for every small action, every decision”*.

Need for achievement was another significant influencing factor for our respondents. It can be money, success, fame or respect. Respondent 18 (Moh K-Res) reported - *“....overall I always wanted to have my own business and I wanted to see if I can make it or not, that thinking made me actually decide to go into the business and gave me mental push to open a business”*.

Most respondents claimed that in their decision to start a business, ‘risk taking ability’ played an important role in their overall personality profile because they believe that success must be earned. Risk taking appears to be strongly affiliated to self-confidence among these respondents. Another relevance to this factor identified among the respondents with high levels of ‘risk taking ability’ is their sub-conscious orientation where potential of gaining substantial reward is high if the risk level is high. Our respondents appear to have arrived in Aberdeen with a mindset to overcome new challenges. Respondents who confirmed the presence of such factor in their personality had strong motives and intentions of challenging themselves to achieve success. They saw it as a test to measure their capability and aptitude. According to R17 (Brah-Res) – *“After working for*

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3 *more than a decade with a company, I thought I was working hard and I needed a new*  
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5 *challenge for myself in life rather than regretting it in the long term that I never tried to do*  
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7 *something and those are the main reasons”.*  
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10 Another motivational business start-up factor identified among ethnic minority  
11 entrepreneurs is ‘past experience’. The majority of our respondents articulated this as a  
12 reason why they wanted to start a business. Respondent R20 (Syed-Res) said:  
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17 *“I have worked in my uncles’ community stores back home and I am aware of how*  
18  
19 *this business works plus I gained knowledge and saw lots of different things in my*  
20  
21 *cousins’ shop.... stocking and things like food storage were easy for me as I did it for a*  
22  
23 *long time before”.*  
24  
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26 It can be argued that immigrants are motivated to mimic tried and tested business  
27 practices conducted and experienced in their home country to ease beginner stress levels  
28 and overcome obstacles in business start-up and success as it grows.  
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33 Moving from the generic to the personal, education and knowledge also surfaced in the  
34 investigation. Two thirds of our respondents highlighted how their education and knowledge  
35 sparked the need to set up business and how knowledge aided the same process.  
36  
37 Surprisingly, many respondents related the need for education and knowledge to success  
38 and growth in life in a significant manner. Moreover, some respondents had certain  
39 educational qualifications that relate to business field and it has helped and encouraged  
40 them considerably towards starting the business in Aberdeen.  
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#### 48 **4.2 Factors (Motives) emerging from the fieldwork**

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51 Three factors have been identified from our qualitative data findings. Firstly, many  
52 respondents claim that personal and religious faith are reasons they started their own  
53 business combined with a desire to create their own fortune. Ramadani, Dana, Ratten and  
54 Tahiri (2015) states that Islam as a religion invites all Muslims to be active and hardworking,  
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which are characteristics of entrepreneurs and business owners. Islam encourages prosperity through the correct usage of the resources given by God. They view hard work as a key success factor. We argue that religious faith should have a decisive influence on business start-ups for some of our respondents. Respondent 07 (Ja-Res) stresses - *"I always have faith in myself, if I start something, I will do better, I will survive....so, I did start my business. Still I am running my own business since 2006..."*. Secondly, some ethnic entrepreneurs claim that providing better education for their children is very important and that earning high profits can facilitate this. Respondent 06 (OF-Cas.C) claims -*"I want my children to get a degree from good university. As you know that sending your children to a good school and a university are getting more expensive than ever. I want to save some money for them as I am making good profit from my business"*. Thirdly, some ethnic entrepreneurs believe that earning more money is a route to earning fame and respect from society. This is only possible by establishing a successful business. They also believe that community respect comes with financial success as it is more visible and tangible and you are in a good position to involve in charity work as well as local politics. As respondent 04 (KA.Con.S) articulates - *"If I look at my father's life, I see the amount of respect he is getting from the society and employees, it's unbelievable. I want to be like my father...as a successful businessman I can only be able to get that..."*.

**4.3 Drivers**

From the analysis of the findings, personal wealth creation, personal development, experience and dissatisfaction with a previous job are the most influential factors for ethnic minorities to engage in entrepreneurial activities. Equally, unemployment, redundancy and disagreement with management are key push factors that influence ethnic entrepreneurs' choice to set up a businesses. Likewise, monetary reward is a major driver in

entrepreneurship. Our findings confirmed that personal wealth creation is the most influential pull factor for ethnic start-ups. It emerged as a primary motive for entrepreneurial business and is seen as a solution to many problems on a personal and emotional level which beset ethnic entrepreneurs. Respondent R24 (Shar-Res) argued - *"Basically money was the major factor and to have more money and cash flow in my life is important because I am entitled to live in the best way I can and in a comfortable manner"*

Some respondents believe that being already involved in entrepreneurial activities helps them to create another new venture. For example, respondent 03 (Ib-Res) claims - *"...it's getting financially secure in future and invests into another business and create new venture. Obviously, this is just a beginning; this is the start of my good future, targeting more financial security, to do more venture"*.

Similarly, it appears to us that personal development is the second most influential pull factor that motivates ethnic entrepreneurs to pursue venture creation. The evidence reveals that creating a new venture is an excellent career option for ethnic minorities starting out. They can develop their personal career and direct their own personal development. We argue that experience can be one of the most influential factors for ethnic entrepreneurs to start-up their own business. Some respondents claim that experience makes their business venture successful. Respondent 01 (PD-Res) claims - *"Before I set up my own business, I had almost 8 years' experience; I worked in so many restaurants in England and Scotland"*.

Most of the respondents claimed that they wanted to pursue an entrepreneurial career due to the dissatisfaction in their jobs both in the UK and abroad. They recognised the importance of higher earnings, healthy living and contribution related to work environment. The respondents had developed the urge and need to look for something better due to being disappointed with their lot. This led to them migrating to the UK and then Aberdeen. Respondent R22 (Sab- Cas.C) opined - *"I wasn't happy to do the jobs because it was tiring*

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3 and stressful. I knew that after going back to Sri Lanka I will get full time job instantly but I  
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5 will not do well because my input will not be appreciated".  
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8 Redundancy and unemployment were confirmed as push factors during the fieldwork as  
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10 drivers for ethnic minorities to engage in entrepreneurial activities. Some respondents claim  
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12 that despite working hard for other companies for so many years they were axed during the  
13  
14 economic downturn. This led them to the realisation that it was not worth working for  
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16 someone-else for so many years. The best option was to create their own life and business.  
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18 Respondent 03 (Ib-Res) encapsulated this argument by saying – *"I worked for a company*  
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20 *almost 17 years.....I worked hard....You know at the end of the day it happens all the time, I*  
21  
22 *was made redundant. I thought to myself, 17 years really gone down the drain"*. Many  
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24 respondents articulated a belief that they had no other serious option other than starting  
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26 their own business due to the difficulty of getting what they consider to be a proper job.  
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28 Their high levels of education also determined that they did not want to settle for second  
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30 best. Respondent 10 (Dh-Con.S) complained bitterly - *"I have no job; I have no other options*  
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32 *other than doing something for myself"*.  
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41 **4.4 Factors (Drivers) emerging from the fieldwork investigation**

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43 Our analysis reveals that there are two emerging factors. Firstly, culturally some ethnic  
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45 entrepreneurs realised that there is a need for providing halal food in the local community  
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47 and operating an alcohol free restaurant. They identified and exploited the gap in the  
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49 market. It is widely agreed that 'Halal meat' demand, is a rapidly expanding market in  
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51 restaurant, takeaway and supermarket businesses owned by ethnic minorities. Even  
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53 mainstream superstores such as ASDA, Tesco etc provide halal food. The demand has  
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55 encouraged various businesses to cater for a wider market segment whose religious beliefs  
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57 are attached to it. Pure 'Halal' food restaurants are open to the entire community, however,  
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3 'Muslim' communities have a high preference for the halal meat. In Aberdeen, a significant  
4 number of ethnic minorities are 'Muslim' and countries of origin are mainly from South  
5 Asian and North Africa. Respondent 17 (Brah-Res) argues that - *"Regardless of the ethnic*  
6 *minorities that are another potential, it is a market that we are also trying to attract as it is*  
7 *all 'Halal' food and 'Non Alcoholic' and that has a massive potential and I have no doubt that*  
8 *it is going to be very successful".* Secondly, respondent 04 (KA-Con.S) claims that he opened  
9 a local convenience store because he sells necessity based items. People cannot survive  
10 without it and there is a need for all those items in everyday life. This business will not go  
11 into recession. He defends his decision to start up on his own thus - *"I was promoted to*  
12 *manager...when I saw account sheet and other things. I thought to myself that it is a good*  
13 *business. And these types of business will not go into recession anytime. I agree may be sale*  
14 *will be down but business will never ever close down because people need all those things for*  
15 *their survival".*

#### 31 **4.5 Attitudes**

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34 It is widely acknowledged that personal attitudes of entrepreneurs are the main  
35 ingredient for business start-ups. Entrepreneurial opportunity and how individual  
36 entrepreneurs capitalise on the opportunities depends on the entrepreneurs' personal  
37 attitudes. Renneboog & Spaenjers (2012) investigated the differences in economic attitudes  
38 and financial decisions between religious and non-religious households. Their findings  
39 suggests that religious households consider themselves more trusting, and have a stronger  
40 bequest motive and a longer planning horizon. Our research confirmed that opportunism,  
41 self-confident, being proactive and visionary are the most influential factors influencing  
42 ethnic minorities to set-up a new venture. Moreover, respondents claimed that ethnic  
43 minorities need to look for an opportunity in a foreign country to create a new business. The  
44 success of creating a new venture depends on how well ethnic minorities capitalise on the  
45 opportunity. For example, respondent 12 (TK-Ele.R) claimed - *"I was looking for this kind of*  
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*opportunity long time back, you need to be opportunistic.....opportunistic entrepreneur tends to take the most profitable business decisions...".*

Self-confidence is another important influential factor that boosts entrepreneurial activities. Some respondents considered that self-confidence makes the business creation process easier and it helps them deal with the challenges they face during that process. Respondent 15 (IS-Con.S) stressed - *"If you are confident you are up for the job, any challenges or barriers in your way, you will overcome it easily".*

Another factor confirmed by fieldwork is being proactive. Ethnic minority entrepreneurs need to be proactive in learning local culture and traditions. Ethnic entrepreneurs need to understand the local community and to assimilate whilst paradoxically retaining their ethnic difference. Innovation and living with uncertainty are the least influencing factors mentioned by our ethnic entrepreneurs. Most of our respondent entrepreneurs do not innovate, but utilise the opportunity in a traditional way. They adopt business practices such as marketing strategies and promotional techniques. Some respondents claim that sometimes they need to live with uncertainty even if they are self-confident, proactive or are self-believers. As respondent 08 (Kan-Cas.C) articulated - *"Even if you have done your risk assessment and business viability research, you have to live with uncertainty about the customer response....you never know what response you will get".*

**4.6 Factors (Attitudes/skills) emerging from the fieldwork investigation**

There are several other interesting emerging factors identified which relate to entrepreneur's attitudes/skills. For example, market research ability, money savings attitudes, self-courage and willpower, positive mindset ability to learn local culture and professionalism. Our research has confirmed that all these personal attitudes are essential to create a new venture and to survive in the competitive market place. Firstly, ethnic

entrepreneurs should have a positive attitude towards market research in order to help them to select an appropriate market niche and to identify current market trends and gaps. Without market research, ethnic entrepreneurs should not start a business. Secondly, since obtaining finance from local banks is not easy for ethnic minorities, they should have savings. They have to work hard, gather valuable experience and have sufficient savings if they want to start a business in their host country. Without personal savings, ethnic entrepreneurs cannot open businesses. We have confirmed that personal savings is the main source of business start-up capital. Respondent 14 (AK-El.R) confirms - *"...you know before I started my business I worked hard for a company, I saved some money...I think if migrant people want to start business they should start saving money since it is very hard to get finance from local bank"*. Thirdly, self-courage and willpower are other entrepreneurial personal attributes which influence business start-up decision. If an entrepreneur possesses strong willpower, anything is possible. As respondent 08 (Kan.Cas.C) declares - *"The willpower is I think the most important resource. What you get depends on how badly you want it and how far you are willing to go to achieve it. If one possesses a strong willpower, anything is possible"*. Fourthly, a positive mindset is significantly important for ethnic entrepreneurs to achieve their own goals and targets. Fifthly, awards learning is another element which is essential. Learning about local culture and traditions enables ethnic entrepreneurs to understand local customers and to serve them in an effective manner. Lastly, some respondents believe that ethnic migrant entrepreneurs are not very professional in comparison to indigenous UK entrepreneurs. The former take too many shortcuts in setting-up. Some of the respondents argue that this is the main reason for failed business ventures. If they are not professional, they have to close their business or they have to sell their business to somebody else. Respondent 13 (Ra-Res) emphasised this by saying - *"...to tell you the truth I have seen a lot of people failing at their businesses. They approached it in a very casual manner. In my honest opinion, they take too many shortcuts..."*.

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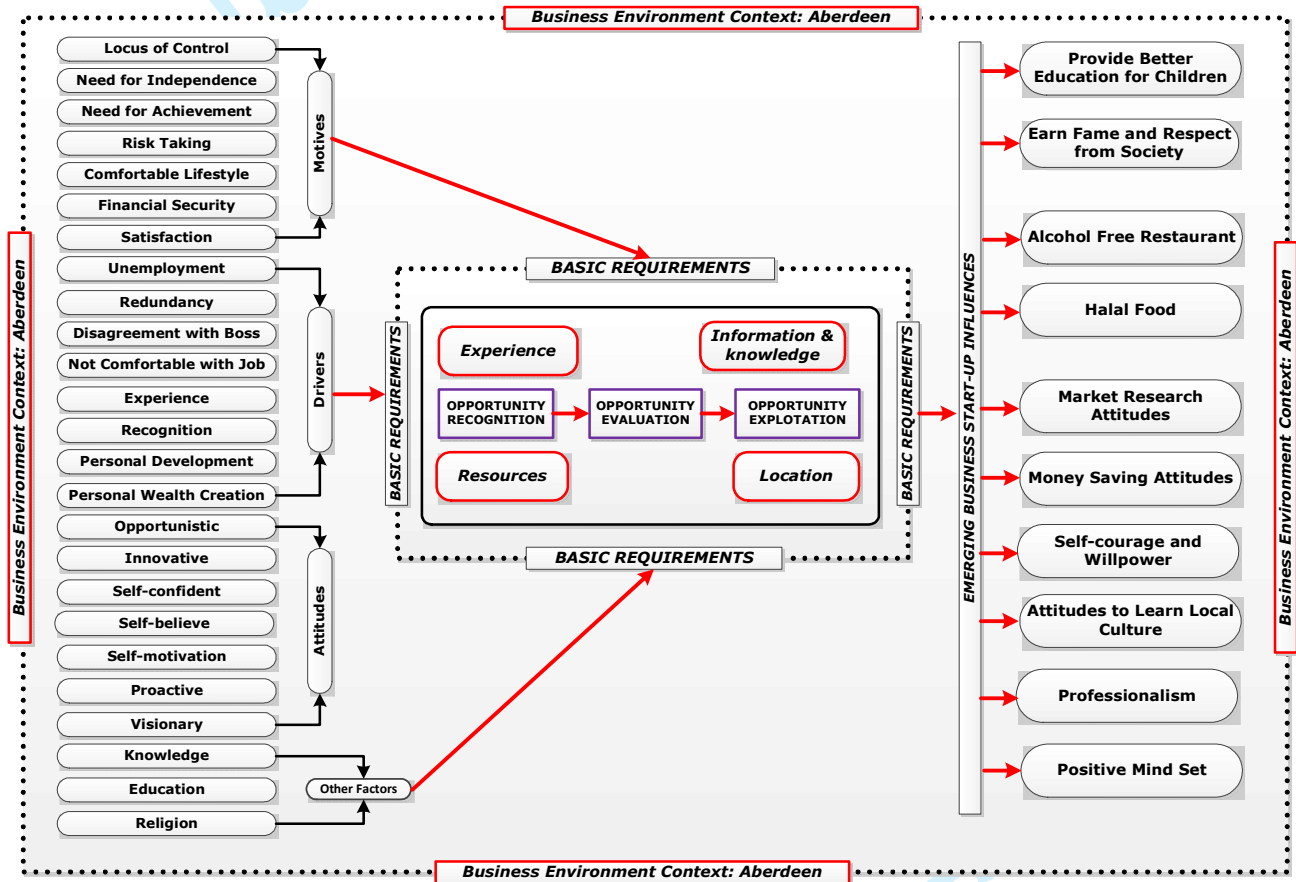
**5. DISCUSSION AND CONCLUSIONS**

This research examined the factors influencing ethnic minority entrepreneur’s business start-up decisions in Aberdeen, Scotland. As argued by the several researchers (e.g. Audretsch *et al.* 2013; Dana 2009; Dodd & Gotsis 2007) entrepreneurship can be highly context specific, so we acknowledged that our findings can vary between research settings and also be applicable elsewhere. It is clear from our fieldwork that personality traits are important influencing factors for ethnic minority entrepreneurial activities. It was confirmed from published studies that personality traits are the main factors for ethnic entrepreneurial intentions (Burns 2012; Carter & Jones-Evans 2012; Stoke & Wilson 2010; Vecchio 2003) but among all the personality traits, locus of control, need for independence and need for achievement are very influential factors in creating a new business. Most of our ethnic respondents want to control their life and be independent. Besides, experience, flexibility and comfortable lifestyle are highly significant factors identified from fieldwork which influence ethnic entrepreneurial intentions. Moreover, our results indicate that religion, education and financial security are the least influencing factors for ethnic entrepreneurs albeit religion appears to be an influential factor. Of the 25 respondents, 17 were of the Muslim faith (see Ramadani *et al.* 2015 for a discussion of Muslim faith and entrepreneurial proclivity) and the remainder Hindu (see Uppal 1986 for a discussion of the Hindu faith and entrepreneurial propensity).

See figure 2 below for a visual representation of the conceptual contribution of the study. It is of note that the figure visually illustrates the main factors and that column 1 presents the generic entrepreneurial traits and influencing factors which act as drivers and feed into the basic personal requirements (which in turn are set against the background context of the local business and ethnic environments in Aberdeen). In turn, the latter feeds into the more personalised entrepreneurial motivations and interestingly, although these

are not specifically ethnic in nature or focus the direction of entrepreneurial action is most definitely from the ethnic community towards the local indigenous customer base. It is this palpable and powerful sense of selflessness and service which characterises the ethnic presence in an entrepreneurial context. Of the generic factors only religion, culture and context provide the ethnic differentiators.

Figure 2: The conceptual contribution of the study





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3 Interestingly, the majority of the respondents relocated in Aberdeen from other UK cities.  
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5 Collectively, the respondents articulate that this was because of the higher standard of living in  
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7 Aberdeen and that because of this local people had a higher spending power making the future  
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9 prospects of Aberdeen very promising. There is an appreciation that this was because of the Oil  
10  
11 industry. However, some of the respondents claimed that they relocated to Scotland because of  
12  
13 their children future as Scottish government provide better and offer cheap tuition  
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15 fees than England. Almost 70% of the respondents claimed that the desire to provide their children  
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17 with a better education than they had was one the most important factors which influenced them to  
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19 set-up business. Interestingly, most respondents claimed that they do not want their children to  
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21 carry their business forward in future (This is a common generic ethnic desire). The reasons they  
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23 gave were that the youth of today have different career aspirations and want to achieve something  
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25 different from the traditional ethnic family accomplishments. One of the respondents articulated  
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27 this as a form of 'cultural oddness' whereby stereotypical images and reputation among ethnic  
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29 cultures regarding business mitigates against the children wanting to follow in their familial  
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31 footsteps. There is a desire to have their children join one of the professions or the oil industry.<sup>6</sup>  
32  
33 Many of the children have become more assimilated than their parents and identify with  
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35 Western/Aberdonian cultures and customs. Providing support from younger age to adults in terms  
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37 of care, education and future guidance is the only role parents wish to play for the children and  
38  
39 younger generations today. In addition, two emerging factors were identified from qualitative data  
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41 analysis. Providing better education for children and earning fame and respect from society are  
42  
43 some of the emerging motivational factors for ethnic entrepreneurs in starting-up a business. Some  
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45 respondents mentioned that they started their business to earn more money so that they can send  
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47 their children to a good university whereas two respondents claimed that earning fame and respect  
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49 from society is one of the reasons they started their business.  
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57 <sup>6</sup> Obviously this may change yet with the ongoing oil Industry recession.  
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On the other hand, unemployment, redundancy, disagreement and discomfort with the job are some of the drivers for ethnic entrepreneurs in starting up. The critical review of literature suggests that these are push factors (Burns 2012; Jayawarnu *et al.* 2011; Stoke & Wilson 2010; Shane *et al.* 2003). Some respondents claimed that they could not find a proper job in Scotland which drove them to start their own business. Similarly, the results of qualitative data suggests that experience, personal wealth creation and personal development are important pull factors and drivers. Three respondents recognised the demand for providing halal meat in Aberdeen which drove them to start their own businesses. This factor is based on culture/religion. Also one respondent is setting up an alcohol free restaurant as he identified that there is a massive customer base for this kind of restaurant. Some respondents claimed that they opened such business because they are recession proof - sales may go down but business will not close down because of the economic downturn.

Traits of opportunism, self-confidence, self-motivation and proactivity are some of the most important entrepreneurial attitudes which influence ethnic minorities' business start-up decisions (Burns 2012; Stoke & Wilson 2010; Mathews 2008). Important emerging factors were identified in this study. The results suggest that a money saving attitude is the most important attitude that ethnic minorities should have to set-up a business. This is particularly relevant to the Aberdeen economy. This is ironic because Aberdonians are famed for their thrift. Ethnic minorities need to act professionally. It was acknowledged by some of the ethnic entrepreneurs that they tend to be too 'laid-back'. Also some of the ethnic entrepreneurs expect an immediate return which influences them to take short-term decisions. Some respondents claimed that if you take a shortcut, you could not be successful in the long-term. Market research attitude, self-courage and willpower and positive mind-set are other emerging factors identified which influences ethnic minority's start-up decision. Despite all the influential factors, our findings reveal that experience and knowledge is the most influential factor which motivates and drives ethnic minorities in starting-up a new business. Experience and knowledge are the main resources needed by the ethnic entrepreneurs to set up a business. Several respondents mentioned during interview that experience provides knowledge

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3 which not only motivates them but also drives them to start a business but reduces the risks and  
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5 dependency on others whilst saving money.  
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8 What struck us most in our analysis, as demonstrated above, was that our respondents provided  
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10 responses that led to the generic and not the specific. It proved difficult to concentrate on the purely  
11  
12 ethnic factors which interested us. The ethnic entrepreneurial community in Aberdeen appear to us  
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14 to be very cohesive and the situation differs from other areas in that we encountered an ethnic  
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16 business community who operate at a higher level than other ethnic enclaves. It was the high  
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18 standard of living and earning power which attracted them to the area. Their business practices are  
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20 not targeted at ethnic customers (as theory suggests) but to the mainstream. They are highly  
21  
22 educated and motivated and existing theories of ethnic enterprise do not adequately explain their  
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24 success. Their practice differs from theory and their business competitiveness comes from being ethnic  
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26 and offering products in demand from the multi-cultural Aberdeen population. We acknowledge the  
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28 need for a further study to develop a new theoretical model of ethnic enterprise in affluent  
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30 economies. In relation to the implications of our research we acknowledge that our findings have  
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32 the potential to influence policy and practice and how we view ethnic entrepreneurs.  
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36 What is also apparent is that the ethnic entrepreneurs have connections to ethnic  
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38 entrepreneurs and entrepreneurial communities in many Scottish and UK cities. To us ethnic  
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40 entrepreneurship is very influenced by personal and locational specifics so from our discussions with  
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42 respondents it is unlikely that we could develop a model of ethnic enterprise or profile specific to  
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44 the Scottish environment.  
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